Vehicle and Vessel Tax Law of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents 1

Chapter I — General Provisions 1

Chapter II — Taxable Scope and Rates 1

Chapter III — Tax Reduction and Exemption 2

Chapter IV — Collection and Administration 2

Chapter V — Supplementary Provisions 3

Adopted at the 19th Session of the Standing Committee of the 12th National People's Congress on December 29, 2018
Effective: July 1, 2019

Table of Contents

- Chapter I — General Provisions
- Chapter II — Taxable Scope and Rates
- Chapter III — Tax Reduction and Exemption
- Chapter IV — Collection and Administration
- Chapter V — Supplementary Provisions

Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of strengthening the administration of vehicles and vessels, rationally guiding consumption, and promoting energy conservation and emission reduction.

Article 2 — Owners or managers of taxable vehicles and vessels within the territory of the People's Republic of China shall be taxpayers of vehicle and vessel tax and shall pay vehicle and vessel tax in accordance with the provisions of this Law.

Article 3 — The term "taxable vehicles and vessels" as used in this Law refers to vehicles and vessels that shall be registered according to the law and vehicles and vessels that are not required to be registered with the vehicle or vessel registration administration authorities but are used at the place of the owner or manager within the territory.

Chapter II — Taxable Scope and Rates

Article 4 — The tax amounts for vehicle and vessel tax shall be subject to the Table of Taxable Items and Tax Amounts attached to this Law. The specific applicable tax amounts for vehicles shall be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central

Source: https://www.danyoungcpa.com/vehicle-vessel-tax-law-prc-2019/

Government within the range of tax amounts prescribed in the Table.

Article 5 — For motor vehicles, the annual tax amounts shall be determined on the basis of the following ranges:

(1) Passenger vehicles: 60 yuan to 5,400 yuan per vehicle based on engine displacement;

(2) Commercial vehicles: 480 yuan to 1,440 yuan per vehicle for passenger buses, 60 yuan to 1,400 yuan per vehicle for trucks based on dead weight tonnage;

(3) Motorcycles: 36 yuan to 180 yuan per vehicle;

(4) Special-purpose vehicles and wheeled special-purpose mechanical vehicles: calculated with reference to trucks.

Article 6 — For motor vessels, the annual tax amounts shall be determined on the basis of net tonnage, ranging from 3 yuan to 6 yuan per net ton.

Article 7 — For yachts, the annual tax amounts shall be determined on the basis of the length of the vessel, ranging from 600 yuan to 2,000 yuan per meter.

Article 8 — The specific applicable tax amounts for motor vehicles shall be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government on the basis of the local economic development level, the vehicle types and other factors within the range prescribed in the Table.

Chapter III — Tax Reduction and Exemption

Article 9 — Vehicle and vessel tax shall be exempted for the following vehicles and vessels:

(1) Fishing vessels;

(2) Vehicles and vessels used by military organs and armed police forces;

(3) Vehicles and vessels used by foreign embassies and consulates in China and representative offices of international organizations in China;

(4) Vessels and vehicles exclusively used for operation on the water and not used for transportation, including tugboats, pontoons, floating docks and dredgers;

(5) Public transportation vehicles and vessels;

(6) New energy vehicles and vessels;

(7) Other vehicles and vessels prescribed by laws and administrative regulations for exemption.

Article 10 — Vehicle and vessel tax may be reduced for the following vehicles and vessels:

(1) Vehicles and vessels that have suffered serious loss of use due to natural disasters or other reasons, where tax reduction is necessary, the tax authorities may reduce the tax after examination and approval;

(2) Energy-saving vehicles and vessels may be subject to a 50 percent reduction of vehicle and vessel tax.

Article 11 — The people's governments of provinces, autonomous regions and municipalities directly under the Central Government may provide for vehicle and vessel tax reduction or exemption in light of the actual circumstances of their respective regions. The decision shall be submitted to the standing committees of the people's congresses at the same level for decision.

Chapter IV — Collection and Administration

Article 12 — Vehicle and vessel tax shall be collected and administered by the tax authorities in accordance with the provisions of this Law and the Law on the Administration of Tax Collection of the People's Republic

Source: https://www.danyoungcpa.com/vehicle-vessel-tax-law-prc-2019/

of China.

Article 13 — Vehicle and vessel tax shall be paid on an annual basis. Taxpayers shall file tax returns and pay vehicle and vessel tax within the time limit prescribed by the tax authorities.

Article 14 — Insurance institutions engaged in the business of compulsory motor vehicle traffic accident liability insurance shall act as withholding agents for vehicle and vessel tax on motor vehicles. When collecting premiums, they shall withhold vehicle and vessel tax in accordance with the law and issue withholding receipts.

Article 15 — The vehicle and vessel registration authorities shall, when processing vehicle and vessel registration, verify that vehicle and vessel tax has been paid or that tax exemption procedures have been completed. Where vehicle and vessel tax has not been paid or tax exemption procedures have not been completed, the vehicle and vessel registration authorities shall not process the registration.

Article 16 — The public security traffic control departments, maritime administration authorities, fishery administration authorities and agricultural machinery authorities shall cooperate with the tax authorities in the collection and administration of vehicle and vessel tax by providing relevant information.

Chapter V — Supplementary Provisions

Article 17 — The meanings of the following terms used in this Law:

(1) "Net tonnage" means the net tonnage indicated in the vessel registration certificate;

(2) "Dead weight tonnage" means the dead weight tonnage indicated in the vehicle registration certificate;

(3) "Yacht" means a vessel used for recreational purposes such as sightseeing, entertainment and sports.

Article 18 — This Law shall come into force on July 1, 2019. The Interim Regulations of the People's Republic of China on Vehicle and Vessel Tax promulgated by the State Council on December 5, 2006 shall be abolished simultaneously.

Disclaimer: This translation is provided for informational purposes only and is not an official translation. While every effort has been made to ensure accuracy, only the original Chinese text adopted by the Standing Committee of the National People's Congress of the People's Republic of China has legal effect. Readers should consult qualified legal professionals for advice on specific legal matters. Dan Young Business Consultancy makes no warranty, express or implied, regarding the accuracy, completeness, or currency of this translation and accepts no liability for any loss or damage arising from reliance on it.